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Heritage as an Alternative Driver for Sustainable Development and Economic Recovery in South East Europe

## Territorial Pact in context of Europe 2020

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### Abstract

According to general acceptance, territorial pact is a contract between a different country's level of government (local, regional, national), a formalized local partnership on different market. This contract represents the relationship between governance and widespread participation of different social group, for different objectives (economic, social, and cultural). In context of Europe 2020, the territorial pact support regional and local governments to offer a sustainable instrument for its objectives: smart growth, sustainable development and growth based on sustaining social inclusion. Also, it is a new mode of governance in European Union, in which the parties are involved in phases of their ideas and financial resources to goals of Europe 2020. This paper presents the general specification concerning to territorial pacts in context of Europe.

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**Key words:** territorial pact, regional development, Europe 2020

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### 1. Introduction

During present period, European Union set of strategic objectives - *Strategy Europe 2020* - with the important territorial impact. These objectives are:

1. *smart growth* - by strengthening knowledge and innovation;
2. *sustainable growth* - assumes the realisation of the economy based on efficient, sustainable and competitive use of existing resources;
3. *inclusive growth* – implies the development of inhabitants' knowledge, full employment of labour force, competences development, poverty alleviation, etc.

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In this context, territorial pact foresees national and regional strategic aims, contributes to the implementation of flagship initiative, identifying obstacles to the put in practice the targets at different levels and permits the governments (national, regional and local) to facilitate, implement, and monitor the progress of Europe 2020 objectives. Territorial pacts can be useful tools in furthering the cohesion at EU level and, which generated the spatial synergies able to guarantee the coherence and convergence between regions and member state.

## 2. Territorial Pacts – concept definition

In the specific literature, the territorial pact is defined as a concept of negotiated planning of regional/local development that joins other concerted actions: contracts, the district contracts and the agreement programme, using the bottom-up approach. It is wide network of stakeholders in the territory willing to plan and implement projects impacting on the level of development in local area.

The theory regarding territorial pacts are presented in a lot of definitions:

- A form of social dialogue that could change classical model of social implication with important effects (Pedersini, 1997);
- Territorial pact is one of the tools for exercise the principle of subsidiarity, an instrument which relies on local ownership in the formulation choices of their own development, all within a framework consisted with the general provincial planning (Experts from Autonomous Province of Trento); the agreement is an important component in foundation of pact;
- The territorial pact represent sui generis concept of local development, since it empowers bottom-up approach to local development, represent top-down delegation of bottom-up initiatives;
- The territorial pact is a component of integrated development model at regional/local level, based on endogenous development (Christofakis, 2001). One of the most important effects of the pact is resolve social issue (Elisei 2012, European Commission, European Employment Pact 1996);
- The territorial pact is a tool through which territorial development strategies are implemented, promoting growth by building partnerships between public and private actors an different levels of space (Agenda 2020);
- Territorial Pacts can be presented as a stimulation policy of endogenous development, addressed to a particular delimited territory. The national or the European decision maker provides resources to finance a local coalition among the various actors of the civil society (social partners, local administration, nonprofit organizations, etc.), who are then in charge of stabilizing such coalition and improve the local economy and society (Bottazzi, 2005);
- Another definition of the territorial pacts is make distinction between distributive and integrative pacts (Barbera, 2001). The former definition is addressed to those experiences where local actors do manage to have access to resources and distribute them over the territory, but they do not necessarily improve their mutual relationship; the latter are those pacts where consultation process are improvement on, or it generates from stable cooperative and trustworthy coalition between local actors (Galletto M, 2008);
- From Europe 2020 perspectives, territorial pact is an agreement between the governmental levels of a country (local, regional, and national), then the parties signing it undertake to coordinate and synchronize their political agendas to focus on objectives and targets through actions and financial resources (C.E, Territorial Pact for Europe 2020<sup>1</sup>);

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<sup>1</sup> <https://portal.cor.europa.eu/europe2020/news/Documents/Territorial%20Pacts%20Brochure%20for%20the%20WEB.pdf>.

- A “technical” definition of territorial pact as one of the instruments of the “negotiated budget planning” (programmazione negoziata), where a bottom-up approach is introduced and local administrations are invested with major role and power of initiatives.

A number of features of the territorial pact can be mentioned here (Ecotec, 2002): bottom-up approach, formal and broad based partnership, coordination and integration, innovation and appropriate spatial scales. Pacts were inserted into a wide variety of contexts, covering different populations and spaces (from a single municipality to region). The number of partners varied and differed in the extent to which they were able to live in additional resources. The type and ambition of goals and objectives proposed by territorial pacts present considerable variability. Also, there is a big variety in the achievements and results from the pacts. The territorial pact is influenced by a lot of factors, which included: the governance context, the level of governance, the economic factors, the geographic factors, the market conditions and infrastructure. Using the definitions of concept, we can summarize the findings that territorial pacts is an added-value policy instrument, in special of regional policy, an agreement between the different level of governance for synchronize their political goals to focus on objectives and targets through actions and financial resources.

### 3. Territorial Pacts in context of cohesion policy

In 1988, “cohesion pact” gives a new dimension for the regional policy, because represents a balance between solidarity and responsibility (at local and regional level). This fact conducted to diminishing the tensions resulted from territorial discrepancies that makes European integration so special (Vignon, 2011). Through Structural Funds, the cohesion policy sustains the achievement a significant level of solidarity. The amount of money allocated to this policy went from ECU 69 billion for the 1988-1993 periods to ECU 168 billion for 1994-1999, then €213 billion for 2000-2006 and finally €347 billion for 2007-2013. Transfers towards lagging development regions an rose to €143/capita for the 1989-1993 period, then €187/capita for 1994-1999. They reached a growth in 2000-2006 with €217/ capita then fell to €167 in 2007-2013. The transfers for regions are influenced by three areas: the obstacles that could threaten cohesion, the instruments proposed to prevent this threat and the mechanisms for allocating funds. The financial instrument is created or the criteria for eligibility for existing funds are adapted according to new conditions (Table 1).

Table 1: The eligibility condition for Structural Instruments

	Before 1993	1994-1999	2000-2006	2007-2013	After 2014
Cohesion policy	Enlargement (Spain and Portugal)  Single Market pressure	Reform of Structural Funds EMU	Pre-enlargement	Enlargement to CEECs Loss of competitiveness	Further enlargement Recession Monetary crisis (2011) Strategy 2020
Financial instruments	-	Cohesion Fund	PHARE ISPA, SAPARD	Lisbon Strategy's earmarking	
Eligibility conditions	Per capita GDP (lower than 75% of average) Decline of rural areas Industrial conversion	Unemployment Cities (Urban Community Initiative) Specific	Areas undergoing economic conversion (including services)	Regions suffering from the statistical effect of enlargement	Per capita GDP between 75% and 90% of EU-27 average

Sources: own prelucrations

At Member State level, the experience in implementation of territorial pact is relatively limited, but the main characteristics of existing agreements present the prevalence of local and regional (intra and inter) level. The most relevant experience in this field belong to Italy, during 1990. Thus, Patti Territoriali (Territorial Pacts) was established in 1996 (by National Budget Law 662/1996) and had the main goals: growth and employment in the backward regions from Italy. The pact based on a “bottom-up” approach is an agreement between local governments

and representatives of civil society (entrepreneurs and trade unions of a number of neighboring municipalities), which is subsequently endorsed by the central government. The agreement consists of plans for the development of the zone that includes private and public investments financed by European Union.

From a regional development perspective, the Europe 2020 Strategy continues the direction of Lisbon Strategy, but with supplementary conditions. Recipient regions are considering 11 new thematic priorities:

- 1) strengthening research, technological development and innovation;
- 2) enhancing access to, use and quality of information and communication technologies (ICT);
- 3) enhancing the competitiveness of small and medium-sized enterprises (SMEs), the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF);
- 4) supporting the shift towards a low-carbon economy in all sectors;
- 5) promoting climate change adaptation, risk prevention and management;
- 6) protecting the environment and promoting resource efficiency;
- 7) promoting sustainable transport and removing bottlenecks in key network infrastructures;
- 8) promoting employment and supporting labor mobility;
- 9) promoting social inclusion and combating poverty;
- 10) investing in education, skills and lifelong learning;
- 11) enhancing institutional capacity and an efficient public administration.

In context of Europe 2020, the strategic objective of cohesion policy is to reduce the important economic, social and territorial disparities (that still exist between regions NUTS 2, especially between new and old state member). If the objective will not be achieved, is already talking about a failure of EU cohesion policy (single market and its currency, the euro), one of the pillar in implementing Europe 2020. In the 5th Cohesion Report, the European Commission establishes to strengthen the focus on results and added-value. In particular, it will propose important changes to the way cohesion policy is designed and implemented. Thus, funding will be concentrated on a smaller number of priorities, progress towards agreed objectives will be monitored more closely and strict conditionality will be established in partnership contracts with the Member States. This will allow Europe 2020 to contribute to economic and social territorial cohesion, growth and jobs creations, and reduce the effects of current global crisis.

Europe 2020 defines the next five common collective goals based on “result-oriented approach”:

1. employment: 75% rate of employment for men and women aged 20-64 years;
2. research-innovation: mixed investment for research and innovation – 3% of EU;
3. energy and climate change: reduction of GHG emission by 20%, increasing share of renewable by 20% and growth energy efficient by 20%
4. education: reduction of school drop-up rates below 10% and at least 40% of 30-34 year-old population with third level of education;
5. poverty-social exclusion – 20 million fewer people in or at risk of poverty and social exclusion.

The collective goals will be transpose into National targets and, where relevant, into regional targets. For each goal deriving in more detail from EU 2020 objectives, there will be secondary targets and indicators.

The architecture of EU 2020 texts and regulations changes from the previous period. The EU 2020 replaces the former Lisbon and Gothenburg strategies, with the same aim of giving an overall direction. However, instead of two different strategies for rural development and regional policy, there will be one ‘Common strategic framework’ which translates the EU 2020 into a common approach of EU territorial development policies. And this will be extended into a « common provisions regulation » providing common elements to all ‘CSF’ funds (Figure 1, Figure 2).

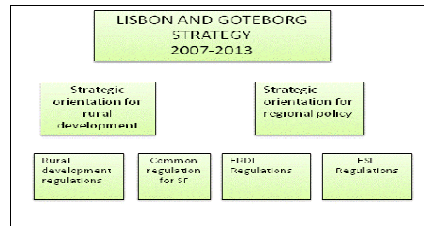


Fig. 1 EU Strategy for 2007-2014

After the regulations are approved, the Member State will design a Partnership Agreement with the European Commission. This partnership agreement describes how, in that country, they will contribute to EU 2020 strategy objectives, using EU funds as well as National funds. They will have to say how they will structure their programmes.



Fig. 2 EU 2020 Strategy, "INTERREG" "ESPON"

The Territorial Pacts for Europe 2020 can be seen as a multilevel agreement aimed to achieve socio-economic target (similar with the pacts existent in previous period: in Austria - Territorial Employment Pacts 2007-2013, in the UK - The Greater Nottingham Partnership, in France - Territorial Pact for Inclusion, in Germany - The BMBF Innovation Initiative Entrepreneurial Regions and Spain - Catalonia's territorial pacts for the countryside). The new regulations sustain the accords implementation projected to help managing authorities and stakeholders, city and local governments, and various territorial institutions to tailor the scale and timing of intervention to the appropriate level, taking into account functional geographies. All instruments can, in principle, be combined and have their own specificities (Table 2) and should be spatially concentrated.

Table 2: The main specificities of the different tools

	Joint Action plan (JAP)	Integrated Territorial Investment (ITI)	Community-led local development (CLLD)/LEADER	Thematic Sub-programmes
Funds concerned	ERDF, ESF, CF	All funds (at least 5% of ERDF for ITI in urban area)	All ESIF funds (at least 5% of EAFRD for LEADER in rural areas)	EAFRD only
Territorial focus	Yes	Territory can be part of an administrative unit, can be cross-border.	Territory defined according to population criteria.	
Other specificities	At least 10m€ and 20% of the related operational programmes—but 1 Pilot JAP >€5m per OP possible - Shorter duration than the OP (3-5 years) - No infrastructure - Simplification : agreement and payment on outputs/ results	Operational programmes contributing financially to the ITI can still act on the ITI territory.	Population thresholds - Obligation to submit a local development strategy - Transnational cooperation possible	A sub-section of an existing programme (RDP programmes can be national or NUTS2) - Higher payment rates possible for a list of measures of particular relevance for the sub-group/territory targeted

Sources: Toward Mountains 2020 Step 1 – Capitalising on Euromontana work to inspire programming Version 1.0 - February 2013, European Association for Cooperation and Development of Mountain areas, [www.euromontana.org](http://www.euromontana.org).

If « Integrated Operations » are not very well described in the proposals have a great potentially powerful. They try to mix CSF funds with other EU funds (Horizon 2020, Life...) and integrated manner to the benefit of one beneficiary (public institutions, private organisms). A sub-section of integrated operations are 'Joint Action Plans' that cover the actions carried out by one beneficiary. Instruments for sustaining this integrated operation are European Regional Development Fund, the European Social Fund and the Cohesion Fund together under a Common Strategic Framework, which will also cover the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund. This will ensure greater coherence between the financial resources and a much concentration on objectives establish, in special on the less developed regions and member states. However, in view of the difficulties experienced by Member States in absorbing structural funding and in raising the necessary co-financing, the cohesion allocation will be capped at 2.5% of GNI. The new category of region – 'transition regions' – will be introduced to replace the current phasing-out and phasing-in system. This category will include all regions with a GDP per capita between 75% and 90% of the EU27 average and more, in particular:

- Regions currently eligible under the convergence objective but who's GDP per capita has grown to more than 75% of the EU27 average (these regions will keep two thirds of their current allocation);
- Regions which – although currently not eligible under the convergence objective – have a GDP per capita between 75% and 90% of the EU27 average. The level of support will vary according to the level of GDP, so that regions with GDP close to 90% of the EU average will receive aid intensity similar to that of the more developed regions;
- Competitiveness regions with GDP above 90% of the EU average will continue to receive support from cohesion policy for a limited number of priorities;
- Transition regions and competitiveness regions would be required to focus the entire allocation of cohesion funding (except for the ESF) primarily on energy efficiency and renewable energy; SME competitiveness and innovation. In these regions, investments in energy efficiency and renewable energy will be at least 20%;
- Convergence regions will be able to consider their allocation to a wider range of objectives reflecting their broader range of development needs.

Territorial cooperation will continue to play its role in helping regions overcome the disadvantages of their location on internal or external borders, in contributing to an ambitious neighborhood policy and addressing shared cross-border and transnational challenges.

The cohesion instruments will be used to pursue distinct but complementary objectives:

• **European Regional Development Fund** - aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. The ERDF supports regional and local development by co-financing investments in R&D and innovation; climate change and environment; business support to SMEs; services of general economic interests; telecommunication, energy and transport infrastructures; health, education and social infrastructures; and sustainable urban development. Contrary to the current period, all these types of investment will in future be able to be financed not only by grants but also by financial instruments (capital risk funds, local development funds).

• **European Social Fund** - aims to strengthen economic and social cohesion by supporting employment promotion; investment in skills, education and long-life learning; social inclusion and the fight against poverty; enhancing institutional capacity and efficient public administration. Minimum shares for the European Social Fund will be established for each category of regions (25% for convergence regions; 40% for transition; and 52% for competitiveness regions) and the scope of the European Social Fund will be extended to cover the cost of equipment linked to investments in social and human capital.

• **Cohesion Fund** - helps Member States who's GNI per inhabitant is less than 90% of the EU27 average in making investments in TEN-T transport networks and the environment. Part of the Cohesion Fund allocation (€10 billion) will be ring-fenced to finance core transport networks under the "Connecting Europe" facility. The Cohesion

Fund can also support projects related to energy, as long as they clearly present a benefit to the environment, for example by promoting energy efficiency and the use of renewable energy.

#### **4. Romanian regional experiences – Territorial Pacts in Center Region**

Before Romanian integration in European Union, the creation of Territorial Pacts was an initiative of the Ministry of Labor, Family and Equal Opportunities, which launched The Regional Action Plans for Employment and Social Inclusion (PRAO) financed by Phare Project “Support of the Ministry of Labor in developing and implementing the employment and training policy for EDIS” (Extended Decentralized Implementation System). As a result of the technical assistance projects were described by the Territorial Employment Pact Labor and Social Inclusion in the Central Region (PROIS-C). In Romania, eight such Territorial Pacts were established. The Pact Charter promotes regional work-forces initiatives to sustain and promote sustainable employment growth, reduce unemployment, fight against exclusion. The Territorial Pact Centre represents a partnership agreement between relevant actors at the regional level for sector employment and social inclusion. County Partnerships are made up of representative organizations at the county and local level (local authorities, disconcerting services, NGOs, trade unions, employers, clergy, etc.), which are involved in implementing the European development policies and have been established, at the local level, with the stated aim of supporting the pact. In 2007-2008 periods, various meetings of the Territorial Pact Centre were held, that demonstrated a great interest for this kind of collaboration. Thus, at the end of 2009, the Territorial Pact Centre acquires a new dimension with the establishment of the Permanent Technical Secretariat Centre (PTS), a support and advisory body of the PROIS-C members and activities, capable of improving the coordination of actions and projects of the social actors, members of the Pact. The Permanent Technical Secretariat is a strategic project within the Sectoral Operational Programme for Human Resources Development (SOP-HRD), co-financed by the Romanian Government and The European Union. The main objective of Technical Secretariat is to support the members of Centre Region Pact for growth of investments in human capital of the Central Region and to provide the labour force with a high level skill. The target group consists of:

- a) direct beneficiaries (members of the Regional Pact Centre and of the County Partnerships: Alba, Brasov, Covasna, Harghita, Mureş and Sibiu);
- b) indirect beneficiaries (all institutions and organizations involved in the fields of social employment and inclusion and all the population of the Region Centre).

PTS Centre develops activities through which it supports the establishment and development of partnerships, as well as the development of social partners’ administrative capacity, it offers support to the promotion of regional employment policies, and it takes part into the process of consulting all factors in fighting unemployment and social inclusion. With the consultancy that PTS offers to the Regional Pact members, for the implementation of eligible financing within the programmes financed from European funds, as well as the assistance offered throughout the implementation of projects, especially within SOP-HRD 2007-2013, the project complies with “National Reference”. Strategic Framework 2007-2013 has had as priority “to use Structural Instruments to reduce economic and social disparities in Romania and the European Union’s member states”. Through the information and communication, professional training and consultancy activities of the PTS, direct and indirect beneficiaries complete and widen their informational resources necessary to the consolidation of their ability to implement the Regional Action Plan for Employment. The main aim of PTS is to establish a general agreement between beneficiaries, in order to develop and implement the employment strategies and policies to maximize new integration opportunities on the labor market.

#### **5. Conclusions**

In context of the Europe 2020, it is necessary both an integrated approach and a coordination between all governance level and all stakeholders (public and private organsims). The relationship between integrated approach and coordination could be awarded to the Territorial Pact, which could contribute to achieving Europe 2020 target. Territorial Pact concept promoted by Committee of the Regions sustains the effort of local institution to achieve the national targets related to Europe 2020 Strategy. The Pact requires the agreement of different levels of government



(national, regional and local) taking into account territorial potential, needs and regional perspectives. Territorial Pact represents a proper instrument which should allow the governments (national, local and regional) to draft and implement the national reforms in parallel with Europe 2020 objectives. The main aims presented are:

1. setting national and possibly regional targets (objectives, indicators, possible impact);
2. putting into practice one or several flagship-initiatives of cohesion policy;
3. identifying barriers and the problems to achieve the European and national targets.

In Romania, the Territorial Pact is defined in the National Reform Programme and supposes the next considerations in terms of reaching Europe 2020: analysis of regional disparities (regional and local level), to identify appropriate policy measures at regional, county and local levels, establishing and signing of Pilot-Territorial Pacts, on voluntary basis, with all local institutions (municipalities, county councils) to achieve national and regional aims.

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